IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re application of:

Ian M. Drysdale

Serial No.: 09/466,271

Filed: December 17, 1999

For: METHOD AND DEVICE FOR PERFORMING CARD TRANSACTIONS

Attorney Docket No.: FDC 0135 PUS

Group Art Unit: 3628

Examiner: Kanof, Pedro R.

## REPLY BRIEF

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Commissioner for Patents
United States Patent and Trademark Office
P.O. Box 1450
Alexandria, VA 22313-1450

Sir:

This is a reply brief in response to the Examiner's Answer mailed December 3, 2003.

Regarding item (11), Response to Argument, Issue 2, Applicant respectfully maintains that U.S. Patent No. 5,850,442 to Muftic (hereinafter Muftic) fails to teach, disclose, or suggest the present invention. As such, the Examiner has failed to establish a *prima facie* case of obviousness under 35 U.S.C. § 103 and the rejection should be reversed.

In particular, claims 1, 11 and 12 provide for a transaction device or point of service terminal that does not utilize proprietary software of a merchant service provider to

complete the transaction.  By contrast, as stated in the Appeal Brief dated August 25, 2003, Muftic is directed to communication systems which utilize smart tokens, such as smart cards or PCMCIA cards, and a public key infrastructure for enabling secure electronic transactions to occur over an open network.  (Muftic, Technical Field, col. 1, ll. 18-22).  Significantly, Muftic neither discloses, teaches nor suggests a transaction device or point of service terminal that does not utilize proprietary software of a merchant service provider to complete the transaction, as presently claimed in claims 1, 11 and 12.  Therefore, Muftic fails to provide all of the features of the present invention and the Examiner has failed to establish a *prima facie* case of obviousness under 35 U.S.C. § 103.

The Examiner has admitted that Muftic discloses the use of smart token technology software, but the Examiner argues that the smart token software is not the proprietary software of a merchant service provider.  However, Muftic discloses that "the Applicant [i.e., the merchant] acquires Public Key Infrastructure (PKI) and smart token software and installs it on his system and acquires a smart token."  (Muftic, col. 12, ll. 17-21).  The smart token is believed to be specific to a merchant and enables the merchant to communicate with the merchant service provider.  Furthermore, it is believed that any revision to the smart token software must be downloaded or otherwise installed on the merchant's system to allow further proper communication between the merchant and the merchant service provider.  As such, the smart token software disclosed by Muftic is the property of (i.e., proprietary to) the merchant service provider.

Furthermore, the Examiner has admitted that Muftic does not explicitly disclose the steps of the claims.  Instead, the Examiner contends that "it is clear that the reference (i.e., Muftic) covers all of it", and the claimed feature of a transaction device or point of service terminal that does not utilize proprietary software of a merchant service provider to complete the transaction is implicit in Muftic's invention.  However, "[o]bviousness can only be established by combining or modifying the teachings of the prior art to produce the claimed

invention where there is some teaching, suggestion, or motivation to do so found either explicitly or implicitly in the references themselves or in the knowledge generally available to one of ordinary skill in the art. 'The test for an implicit showing is what the combined teachings, knowledge of one of ordinary skill in the art, and the nature of the problem to be solved as a whole would have suggested to those of ordinary skill in the art.'" (See, MPEP § 2143.01, citing *In re Kotzab*, 217 F.3d 1365, 1370, 55 USPQ2d 1313, 1317 (Fed. Cir. 2000)).

As noted above, Muftic is directed to communication systems which utilize smart tokens, such as smart cards or PCMCIA cards, and a public key infrastructure for enabling secure electronic transactions to occur over an open network. Nowhere does Muftic disclose or imply a transaction device or point of service terminal that does not utilize proprietary software of a merchant service provider to complete the transaction, as presently claimed.

Furthermore, the Examiner has attempted to use impermissible hindsight to modify Muftic to piece together the Applicant's invention. The teaching or suggestion to make the claimed modification must be found in the prior art, not in the applicant's disclosure. (See, MPEP § 2143; see also, *In re Dembiczak*, 175 F.3d 994, 999 (Fed. Cir. 1999) ("Combining prior art references without evidence of ... suggestion, teaching, or motivation simply takes the inventor's disclosure as a blueprint for piecing together the prior art to defeat patentability–the essence of hindsight.")). However, rather than teach or suggest the present invention, Muftic teaches away from the present invention.

"A prior art reference must be considered in its entirety, i.e., as a whole, including portions that would lead away from the claimed invention". (See, MPEP § 2141.03, citing *W.L. Gore & Associates, Inc. v. Garlock, Inc.*, 721 F.2d 1540, 220 USPQ 303 (Fed. Cir. 1983), *cert. denied*, 469 U.S. 851 (1984)). "The totality of the prior art must be

considered, and proceeding contrary to accepted wisdom in the art is evidence of nonobviousness". (See, MPEP § 2145, X., 3., citing *In re Hedges*, 783 F.2d 1038, 228 USPQ 685 (Fed. Cir. 1986)). In this case, Muftic only uses smart tokens, such as smart cards or PCMCIA cards, and a public key infrastructure for enabling secure electronic transactions to occur over an open network, and so teaches away from a transaction device or point of service terminal that does not utilize proprietary software of a merchant service provider (i.e., smart token software and the like) to complete the transaction, as presently claimed.

Claims 2-10 and 13-20, depend either directly or indirectly from independent claims 1 and 12, respectively, and therefore include all the limitations thereof. As a result, and for the reasons set forth above concerning claims 1, 11 and 12, the Examiner has also failed to establish a *prima facie* case of obviousness for claims 2-10 and 13-20. Accordingly, the Examiner's rejections of claims 1-21 under 35 U.S.C. § 103(a) should be reversed.

For the reasons presented above, as well as reasons presented in the Appeal Brief, the final rejection of claims 1-21 should be reversed.

No additional fee is believed to be due as the result of the filing of this paper. However, any additional fees or credits should be applied to Deposit Account 02-3978 as authorized by the original transmittal letter in this case.

Respectfully submitted,

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